



AUDIT: IOWA STATE UNIVERSITY

Audit Report. The Office of the Auditor of State has issued a report on Iowa State University (ISU) for FY 2015.

Findings Related to Internal Control. The audit report included two findings related to internal control:

- Financial Reporting - A material amount of direct lending receipts and payments were misclassified in the Statement of Cash Flows. Subsequent changes were made to properly classify the amounts in the financial statements. The University has indicated that written procedures have been updated to address the problem.
- Department Cash - Auditors noted several departments with variances in petty cash which had not been resolved. Auditors also noted that not all departments are reconciling petty cash on a monthly basis as recommended by University policy, and an independent person is not reviewing the petty cash reconciliations. The University plans to expand and clarify its petty cash procedures to ensure that recommendations for reconciliation and independent review are addressed.

The University's responses were accepted by the auditors.

Findings Related to Statutory Requirements and Other Matters - Theft from Memorial Union Market & Café. On March 25, 2016, the Manager of the Memorial Union Market & Café was notified by an Assistant Manager that voided cash transactions had been processed before the Market opened. Typically, there would be a transaction, such as a purchase, followed by an authorized void for a refund or to adjust an incorrect price. The Manager began an internal investigation and identified additional cash voids processed in March 2016. The cash voids were all processed by one particular Assistant Manager before the Market opened, allowing the person to remove cash from the cash drawer for the voided amount. The Assistant Manager was placed on leave on April 14, 2016.

The Manager continued reviewing voids processed by the Assistant Manager back to January 1, 2011, identifying cash voids totaling \$4,879. The majority of the voids occurred while the Market was closed, although several occurred while the Market was open. No transactions preceded the voids. The Assistant Manager began employment at the Market in 1999.

Based on the findings of the internal investigation, the Assistant Manager was terminated and charged by University Police with ongoing criminal conduct, third-degree theft, and fifth-degree theft on July 5, 2016. The ongoing criminal conduct charge was later dismissed. The Assistant Manager received a deferred judgment, was assessed a fine, and a restitution hearing has been set for a later date. No further investigation was considered necessary.

Average Cost Per Student. The report includes a calculation of ISU's average cost per student for FY 2015 at \$13,453. The calculation is based on net disbursements for teaching programs totaling \$462,303,524 divided by the full-time equivalent enrollment of 34,364 for the year. The following table from the report shows the average cost per student for the past five years.

Average Cost Per Student Iowa State University		
<u>Fiscal Year</u>	<u>Enrollment</u>	<u>Cost per Student</u>
FY 2015	34,364	\$ 13,453
FY 2014	33,171	12,585
FY 2013	31,119	12,661
FY 2012	29,775	12,629
FY 2011	28,631	12,264

Source: Auditor of State

Report Available. The report is available on the Auditor of State's website at <https://auditor.iowa.gov/reports/1661-8020-BR00>.

STAFF CONTACT: Robin Madison (515-281-5270) robin.madison@legis.iowa.gov